Registered number: SC177810

SLC TURNBERRY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

SLC TURNBERRY LIMITED
Registered No. SC177810

Directors
Mark Bennett Troy
Hamza Ali Abdullatif Mustafa
Michael Burns Neilson (appointed 7 November 2011)

Secretary
Mark Bennett Troy

Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Bankers
Bank of Scotland
17 Dalrymple Street
Girvan
Ayrshire KA26 9EU

Registered Office
Turnberry Hotel
Ayrshire KA26 9LT

Solicitors
Maclay, Murray & Spens LLP
1 George Square
Glasgow G2 1AL

SLC TURNBERRY LIMITED

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SLC TURNBERRY LIMITED
Registered No. SC177810

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

The Directors present their report and audited financial statements for SLC Turnberry Limited (the 'Company') for the year ended 31 December 2011.

Results and dividends

The loss for the year, after taxation, amounted to £ 21,886,000 (2010 - loss of £7,955,000). The directors do not recommend the payment of any dividends (2010 - £nil).

Principal activities and review of the business

The Company's principal activity during the year continued to be that of the operation of the Turnberry Resort and associated leisure facilities.

The Company's key financial and other performance indicators during the year were as follows:

	2011	*2010*
	£000	*£000*
Turnover	11,779	11,802
EBITDA	(2,150)	(1,872)
Loss after tax	(21,886)	(7,955)
Customer satisfaction (score out of 10)	8.62	8.79

Customer satisfaction is a key performance indication to the Company and all customer questionnaires are completed through an independent third party as part of Starwood, the operator program. Customer satisfaction has remained at a high level.

When there is an indicator that a non-financial asset might be impaired, the Company follows the guidance of Financial Reporting Standard 11, which requires the Company to determine the recoverable amount, which is the higher of the fair value less cost to sell and the value in use. During the year the Company received unsolicited offers for the purchase of the resort, which is part hotel and part golf course, but negotiations were inconclusive. As at 31 December 2011, the Company adopted the value in use of the cash generative golf course alone and as a result recognised an impairment charge of £15,701,000 (2010: £2,790,000).

Going Concern

The Company's principal activity and review of the business are set out in the Directors' report above. In addition, the principal risks and uncertainties are noted below.

The Company had net current liabilities as at 31 December 2011 and is dependent on continuing finance being made available by its intermediate parent company to enable it to continue operating and to meet its liabilities as they fall due. The directors have drawn up the financial statements on a going concern basis as Istithmar World PJSC, the intermediate parent undertaking has confirmed it will provide all necessary financial support to the Company for the foreseeable future to enable it to continue trading and to meet its financial obligations as they fall due and for at least a period of 12 months from the date of signing of the financial statements.

The Directors, having assessed the responses of the Directors of Istithmar World PJSC to their enquires, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of Istithmar World PJSC to continue as a going concern or its ability to continue with the current funding arrangement.

On the basis of their assessment of the Company's financial position and of the enquiries made of the Directors of Istithmar World PJSC, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and at least for a period of 12 months from the date of signing of the accounts. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

SLC TURNBERRY LIMITED
Registered No. SC177810

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

Principal risks and uncertainties

The Company continues to look at risks and uncertainties during its budgeting process and monthly strategic meetings.

Competitive risks

The Company operates at the upper end of the competitive Scottish resort market. Risks are possible from either new competitor openings, but in the main from existing competitors investing in product refurbishments and expansion and competitive price pressure as a result of economic decline.

The Company has engaged in cost-reduction and expense control techniques and have focussed on re-development activities that are profitable which will increase the value of the property.

Economic risks

The Company is reliant on healthy economies in all its major markets; being UK, USA and Europe. The continued economic upheaval, in particular in the US, poses some risk to the high end market as individuals experience reduced disposable income and companies look for cost saving exercises.
As a result, the Company has stalled its international expansion plans in the foreseeable future.

Exchange rate risks

A significant element of the Company's revenues is dependent on non-UK based businesses. Adverse exchange rate fluctuations of major currencies (specifically Euro) are a potential risk to the Company.

Management has set up policies to require the Company to manage its foreign currency risk against its functional currency. The Company is required to hedge its foreign currency exposure, wherever applicable. To manage its foreign currency risk arising from future commercial transactions and recognised assets and liabilities, the Company use forward contracts.

Liquidity risk

Liquidity risk is the risk that the Company will have insufficient debt facilities to meet future obligations. The Company aims to mitigate liquidity risk by managing cash generation by its operations. Further, the Company regularly reviews its borrowing facilities to ensure funds are available to meet planned debt requirements plus a contingency.

Future developments

The directors are reviewing potential development options to further enhance the resort.

The first phase of the refurbishment of the hotel was completed in July 2009. The refurbishment has changed the resort from a Westin to Luxury Collection. As a result of the investment and re-branding of the resort to a Luxury Collection, despite the continued adverse economic conditions, the directors remain optimistic that the Company will deliver growth over future years.

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Registered No. SC177810

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees. The Company is an equal opportunities employer.

The Company recognises the high standards required to ensure the health, safety and welfare of its employees at work, its customers and the general public. Company policies in this regard are regularly reviewed with the objective of ensuring that these standards are achieved.

Employee involvement

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various matters affecting the performance of the Company. This is achieved through formal and informal meetings.

Directors

The directors who served the Company during the year are listed below:

Hamza Ali Abdullatif Mustafa
Mark Bennett Troy
Michael Burns Neilson (appointed 7 November 2011)

Statement as to disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to have made himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

Following a formal external audit tender process, PricewaterhouseCoopers LLP have been appointed as auditors to the Company.

On behalf of the board

Hamza Ali Abdullatif Mustafa
Director
4 OCTOBER 2012

SLC TURNBERRY LIMITED
Registered No. SC177810

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SLC TURNBERRY LIMITED
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SLC TURNBERRY LIMITED

We have audited the financial statements of SLC Turnberry Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements;

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

SLC TURNBERRY LIMITED
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SLC TURNBERRY LIMITED

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

S Copeland

Sonia Copeland (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

4 October 2012

SLC TURNBERRY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	*2011* £'000	*2010* £'000
TURNOVER	2	11,779	11,801
Cost of sales		(7,851)	(7,706)
GROSS PROFIT		3,928	4,095
Administrative expenses			
- Before exceptional items		(7,841)	(7,539)
- Impairment of tangible fixed assets	3	(15,701)	(2,790)
		(23,542)	(10,329)
OPERATING LOSS	4	(19,614)	(6,234)
Interest payable and similar charges	7	(2,272)	(2,272)
Other finance costs	8	-	(19)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(21,886)	(8,525)
Tax credit on loss on ordinary activities	9	-	570
LOSS FOR THE FINANCIAL YEAR		**(21,886)**	**(7,955)**

All amounts relate to continuing operations

There is no material difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2011

	2011 £000	*2010* £000
Loss for the financial year	(21,886)	(7,955)
Actuarial loss recognised on the pension scheme	(1,815)	(209)
Total losses for the financial year	**(23,701)**	**(8,164)**

The notes on pages 9 to 20 form part of the financial statements.

SLC TURNBERRY LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2011

	Notes	*2011* £'000	*2010* £'000
FIXED ASSETS			
Tangible assets	10	4,705	21,560
Investments	11	3,331	3,331
		8,036	24,891
CURRENT ASSETS			
Stocks	12	271	242
Debtors: amounts falling due within one year	13	1,562	1,507
Cash at bank and in hand		723	857
		2,556	2,606
CREDITORS: amounts falling due within one year	14	(88,910)	(82,049)
NET CURRENT LIABILITIES		(86,354)	(79,443)
TOTAL ASSETS LESS CURRENT LIABILITIES		(78,318)	(54,552)
CREDITORS: amounts falling due after one year	15	(115)	(180)
Net liabilities excluding pension scheme assets		(78,433)	(54,732)
Net pension position	16	-	-
NET LIABILITIES		**(78,433)**	**(54,732)**
CAPITAL AND RESERVES			
Called up share capital	19	-	-
Capital redemption reserve	20	18,374	18,374
Profit and loss account	20	(96,807)	(73,106)
TOTAL SHAREHOLDERS' DEFICIT	20	**(78,433)**	**(54,732)**

Approved by the Board

Hamza Ali Abdullatif Mustafa
Director
4 OCTOBER 2012

The notes on pages 9 to 20 form part of the financial statements.

1. Accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below and have been applied consistently throughout the year. The Company does not prepare consolidated financial statements as it takes advantage of the exemption provided under section 228 of the Companies Act 2006. The Company's financial statements present information about it as an individual undertaking and not about its group.

The Directors have taken advantage of the exemption in FRS 1 (revised 1996) 'Cash Flow Statements' from including a cash flow statement in the financial statements on the grounds that the Company is wholly owned and its parent publishes consolidated financial statements.

Going concern

The Company had net current liabilities as at 31 December 2011 and is dependent on continuing finance being made available by its intermediate parent company to enable it to continue operating and to meet its liabilities as they fall due. The Directors have drawn up the financial statements on a going concern basis as Istithmar World PJSC, the intermediate parent undertaking has confirmed it will provide all necessary financial support to the Company for the foreseeable future to enable it to continue trading and to meet its financial obligations as they fall due and for at least a period of 12 months from the date of signing of the financial statements.

The Directors, having assessed the responses of the directors of Istithmar World PJSC to their enquires, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of Istithmar World PJSC to continue as a going concern or its ability to continue with the current funding arrangement.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of Istithmar World PJSC, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and at least for a period of 12 months from the date of signing of the accounts. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold buildings	-	40 years
Fixtures, fittings and equipment	-	2 - 20 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate.

1. **Accounting policies (continued)**

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Taxation

The charge for current taxation for the year is based on the result for the year, adjusted for disallowable items.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over the shorter of lease term and their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term, even if the payments are not made on such a basis.

1. Accounting policies (continued)

Pension schemes

For defined benefit schemes the amounts charged to operating profit are the current service costs and any gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are charged to operating profit immediately if the benefits have vested. If the benefits have not vested immediately, the costs are recognised by equal annual instalments until vesting occurs. The interest cost and the expected return on assets are included as other finance costs. Actuarial gains and losses net of deferred tax are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are either externally funded, with the assets of the scheme held separately from those of the Company in separate trustee administered funds, or are unfunded. Pension scheme assets are measured at fair value, and liabilities are measured on an actuarial basis and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. Full actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

2. Turnover

Turnover comprises amounts derived from the provision of goods and services falling within the Company's ordinary activities after deduction of value added tax, other sales related taxes and trade discounts. Turnover arises solely from the Company's principal activity within the United Kingdom.

3. Exceptional items

Included in operating loss	*2011*	*2010*
	£000	*£000*
Impairment of tangible assets	15,701	2,790

When there is an indicator that a non-financial asset might be impaired, the Company follows the guidance of Financial Reporting Standard 11, which requires the Company to determine the recoverable amount, which is the higher of the fair value less cost to sell and the value in use. During the year the Company received unsolicited offers for the purchase of the resort, which is part hotel and part golf course, but negotiations were inconclusive. As at 31 December 2011, the Company adopted the value in use of the cash generative golf course alone and as a result recognised an impairment charge of £15,701,000 (2010: £2,790,000). The calculation is based on five year pre-tax cash flow projections approved by management. Cash flows beyond the initial five year period are extrapolated using a weighted average growth rate of 2.25% which is consistent with the UK's long term average growth in GDP. A pre-tax discount rate of 15% has been used and reflects the risks relating to the asset.

4. Operating loss

This is stated after charging:	*2011* *£000*	*2010* *£000*
Auditors' remuneration - audit services	48	67
Depreciation of owned fixed assets	1,763	1,542
Impairment of tangible assets	15,701	2,790
Depreciation of assets held under finance leases and hire purchase contracts	30	30
Operating lease rentals - plant and machinery	181	178

5. Directors' emoluments

	2011 *£000*	*2010* *£000*
Emoluments	-	-

	2011 *Number*	*2010* *Number*
Members of defined benefit pension schemes	-	-

Directors' emoluments for the current year were borne by Istithmar World PJSC, the intermediate parent undertaking.

6. Staff Costs

	2011 *£000*	*2010* *£000*
Wages and salaries	5,676	5,514
Social security costs	456	445
Other pension costs	57	46
	6,189	6,005

The monthly average number of employees during the year was made up as follows:

	2011 *Number*	*2010* *Number*
By activity:		
Operating employees	226	230
Administrative employees	30	30
	256	260

7. Interest payable and similar charges

	2011	*2010*
	£000	*£000*
On intercompany loans	2,254	2,254
Finance charges payable under finance leases and hire purchase contracts	18	18
	2,272	2,272

8. Other finance costs

	2011	*2010*
	£000	*£000*
Expected return on pension scheme assets	280	253
Interest on pension scheme liabilities	(280)	(272)
	-	(19)

9. Tax on loss on ordinary activities

(a) Analysis of tax credit

	2011	*2010*
	£000	*£000*
Current tax:		
Group relief receivable	-	-
Adjustment in respect of prior years	-	(570)
Total current tax credit (note 9)	-	(570)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities is higher (2010:higher) than the standard rate of corporation tax in the UK of 26% (2010 - 28%). The differences are reconciled below:

	2011	*2010*
	£000	*£000*
Loss on ordinary activities before taxation	(21,886)	(8,525)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2010 - 28%)	(5,690)	(2,387)
Effects of:		
Expenses not deductible/(income not taxable) for tax purposes	4,687	1,148
Capital allowances in advance of depreciation	-	(501)
Adjustment in respect of prior years	-	(570)
Unrelieved tax losses carried forward	1,003	1,793
Pension provision	-	(53)
Total current tax credit (note 9(a))	-	(570)

9. Tax on ordinary activities (continued)

(c) Deferred tax

Deferred tax is provided at 25% for the current year (2010 - 27%) in the financial statements as follows:

	2011	*2010*
	£000	*£000*
Accelerated capital allowances	458	440
Trading losses	(458)	(440)
	-	-

The Company has further trading losses carried forward resulting in a deferred tax asset of £10.4m (2010 - £9.8m). This is not recognised as there is no certainty of suitable taxable profits in the future against which the losses can be offset.

(d) Factors that might affect future tax charges

In his Budget on 21 March 2012, the Chancellor of the Exchequer announced a decrease in the rate of UK corporation tax from 26% to 24% from 1 April 2012, and then by a further 1% per annum to 22% by 2014. This is an acceleration of the reductions enacted in the Finance Act 2011 which reduced the main rate of corporation tax to 25% from April 2012. The rate change will impact the amount of the future tax charges recognised by the Company. However, it is not considered to have any material effect on the current year results. The Company will only recognise the impact of these changes in its financial statements once they are substantively enacted.

10. Tangible fixed assets

	Freehold land and buildings	*Fixtures, fittings and equipment*	*Total*
	£000	*£000*	*£000*
Cost:			
At 1 January 2011	75,195	10,796	85,991
Additions	-	609	609
At 31 December 2011	75,195	11,405	86,600
Depreciation:			
At 1 January 2011	55,775	8,656	64,431
Provided during the year	1,017	746	1,763
Impairment	13,993	1,708	15,701
At 31 December 2011	70,785	11,110	81,895
Net book value:			
At 31 December 2011	4,410	295	4,705
At 31 December 2010	19,420	2,140	21,560

At 31 December 2011 the net book value of tangible fixed assets held under finance leases and hire purchase contracts was £67,902 (2010 - £233,889). Depreciation charged for the year on these assets amounted to £30,176 (2010 - £30,176).

10. Tangible assets (continued)

When there is an indicator that a non-financial asset might be impaired, the Company follows the guidance of Financial Reporting Standard 11, which requires the Company to determine the recoverable amount, which is the higher of the fair value less cost to sell and the value in use. During the year the Company received numerous unsolicited offers for the purchase of the resort, which is part hotel and part golf course, but negotiations were inconclusive. As at 31 December 2011, the Company adopted the value in use of the cash generative golf course alone and as a result recognised an impairment charge of £15,701,000 (2010: £2,790,000).

11. Investments

	Subsidiary undertaking
	£000
Cost:	
At 1 January 2011 and 31 December 2011	3,331

The above investment represents the Company's investment in the following subsidiary undertaking:

	Country of registration	*Principal activity*	*Description and proportion of share capital*
Nitto World Co. Limited	England	Non-trading	100% ordinary share capital

The directors believe that the carrying value of the investments is supported by their underlying net assets.

12. Stocks

	2011	*2010*
	£000	*£000*
Food, drink and consumables	271	242

The Directors consider that there is no significant difference between the balance sheet value and the replacement cost of stocks at the balance sheet date.

13. Debtors

	2011	*2010*
Amounts falling due within one year	*£000*	*£000*
Trade debtors	513	461
Amounts owed by other group undertakings	8	8
Other debtors	808	808
Corporation tax	5	5
Prepayments and accrued income	228	225
	1,562	1,507

Amounts owed by other group undertakings are unsecured, interest free and have no agreed repayment schedule.

14. Creditors: amounts falling due within one year

	2011	*2010*
	£000	*£000*
Obligations under finance leases and hire purchase contracts (note 17)	65	65
Trade creditors	1,150	1,317
Amounts owed to other group undertakings	86,774	79,891
Accruals and deferred income	920	776
	88,909	82,049

Amounts owed to other group undertakings includes a loan of £23,435,000 (2010 - £23,435,000) from Leisurecorp Scotland Limited. The loan is repayable on demand and attracts interest at 9.6 per cent per annum.

15. Creditors: amounts falling due after more than one year

	2011	*2010*
	£000	*£000*
Obligations under finance leases and hire purchase contract (note 17)	115	180
	115	180

16. Net pension position

The Company provides pension arrangements for certain permanent employees through the Turnberry Hotel Pension Scheme.

On 31st March 2006, the scheme was closed to future accrual. The deficit in the scheme is being funded by contributions from the Company.

The most recent actuarial valuation was at 31 December 2011 and has been updated by a qualified actuary to take account of the requirements of FRS 17, in order to assess the liabilities of the scheme at 31 December 2011. Scheme assets are stated at their market value at the respective balance sheet dates.

The main assumptions are as follows:

	2011	*2010*
	%	%
Rate of increase in pensions in payment	3.10	3.50
Rate of increase in deferred pensions	3.10	3.50
Discount rate	4.70	5.40
Inflation assumption	3.10	3.50
Expected return on assets by asset allocation:		
Bonds	4.60	5.30
Gilts	3.00	4.10
Cash	0.50	0.50

16. Net pension position *(continued)*

	2011 %	*2010* %
Annuity policy	4.79	N/A
Average net expected return	4.70	4.39

Life expectancy:

Life expectancy for a male pensioner from age 65	22	22
Life expectancy for a female pensioner from age 65	24	24
Life expectancy from age 65 for a male participant currently aged 45	25	25
Life expectancy from age 65 for a female participant currently aged 45	26	26

The assets and liabilities of the scheme and the expected rate of return at 31 December are shown below. These are net of investment management expenses. As other expenses are paid separately by the Company, no account is taken of these.

	2011		*2010*	
	Long term rate of return expected %	*Value* £000	*Long term rate of return expected* %	*Value* £000
Scheme assets at fair value				
Annuity policy	4.79	5,847	N/A	-
Bonds	4.60	-	5.30	1,497
Gilts	3.00	-	4.10	4,467
Cash	0.50	119	0.50	24
Fair value of scheme assets		5,966		5,988
Present value of scheme liabilities		(5,850)		(5,223)
Defined benefit pension scheme surplus		116		765

The pension surplus has not been recognised as the Company is not expected to be able to recover the surplus.

An analysis of the defined benefit cost for the year ended 31 December is as follows:

	2011 *£000*	*2010* *£000*
Other finance costs - expected return on pension scheme assets	280	253
Other finance costs - interest on pension scheme liabilities	(280)	(272)
Past service cost	-	(20)
Effect of paragraph 41 limit	-	20
Total other finance income	-	(19)

16 Net pensions position *(continued)*

Included in the statement of total recognised gains and losses:

	2011	*2010*
	£000	*£000*
Actual return on scheme assets	(1,750)	455
Less: expected return on scheme assets	(280)	(253)
Actuarial (loss)/gain on scheme assets	(2,030)	202
Actuarial loss on scheme liabilities	(434)	(263)
	(2,464)	(61)
Effect of paragraph 41 limit	649	(148)
	(1,815)	(209)

Changes in the present value of the defined benefit obligations are analysed as follows:

	2011	*2010*
	£000	*£000*
As at 1 January	5,223	4,867
Interest cost	280	272
Past service cost	-	20
Actuarial loss	434	263
Benefits paid from scheme	(87)	(199)
As at 31 December	5,850	5,223

Changes in the fair value of plan assets are analysed as follows:

	2011	*2010*
	£000	*£000*
As at 1 January	5,988	5,504
Expected return on scheme assets	280	253
Actuarial (loss)/gain on scheme assets	(2,030)	202
Employer contributions	1,815	228
Benefits paid from scheme	(87)	(199)
As at 31 December	5,966	5,988

Amounts for the current and previous four periods are as follows:

	2011	*2010*	*2009*	*2008*	*2,007*
	£000	*£000*	*£000*	*£000*	*£000*
Fair value of scheme assets	5,966	5,988	5,504	5,028	4,925
Present value of defined benefit obligation	(5,850)	(5,223)	(4,867)	(4,238)	(4,700)
Surplus in the scheme	116	765	637	790	225
Difference between expected and annual return on scheme assets	(2,030)	202	216	(840)	32
Experience gain/(loss) arising on plan liabilities	-	27	62	9	(77)

17. Obligations under finance leases and hire purchase contracts

The maturity of these amounts is as follows:

	2011 £000	2010 £000
Amounts payable:		
Within one year	65	65
In two to five years	115	180
	180	245
Less: finance charges allocated to future periods	-	-
	180	245

Finance leases and hire purchase contracts are analysed as follows:

	2011 £000	2010 £000
Current obligations (note 14)	65	65
Non-current obligations (note 15)	115	180
	180	245

18. Commitments under operating leases

At 31 December 2011 the Company had annual commitments under non-cancellable operating leases as set out below:

	Assets other than land and buildings 2011 £000	Assets other than land and buildings 2010 £000
Operating leases which expire:		
Within one year	180	152
In two to five years	398	315
	578	467

19. Called up share capital

	2011 Number	*2011 £000*	*2010 Number*	*2010 £000*
Allotted, called up and fully paid				
Ordinary shares of £1 each	2	-	2	-

20. Reconciliation of shareholders' deficit and movement on reserves

	Called up share capital £000	*Capital redemption reserve £000*	*Profit and loss account £000*	*Total share-holders' deficit £000*
At 1 January 2010	-	18,374	(64,942)	(46,568)
Loss for the year	-	-	(7,955)	(7,955)
Actuarial loss recognised on pensions	-	-	(209)	(209)
At 31 December 2010	-	18,374	(73,106)	(54,732)
Loss for the year	-	-	(21,886)	(21,886)
Actuarial loss recognised on pensions	-	-	(1,815)	(1,815)
At 31 December 2011	-	18,374	(96,807)	(78,433)

21. Related party transactions

The Company has utilised the exemption under FRS 8 as a wholly owned subsidiary not to disclose transactions with other entities that are part of, or investees of Istithmar Building FZE

22. Ultimate parent undertaking

The immediate parent undertaking of the smallest such group is Leisurecorp Scotland Limited, a company registered in Scotland.

The ultimate parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Dubai World Corporation, a company incorporated in United Arab Emirates.

Copies of the financial statements of both companies can be obtained from Istithmar Buildings FZE, The Galleries, Downtown Jebil Ali, PO Box 17000, Dubai, United Arab Emirates.